

## **RANGE-BOUND MARKET AWAITS DIRECTION**

By Tim Storck, Australian Cotton Shippers Association

No matter where you get your market intel, most commentary over the past year or more has painted a similar picture.

Economic uncertainty, tariffs, potential tariffs, global conflict, reduced consumer demand, interest rate uncertainty and myriad other issues have seen Futures markets range-bound for quite an extended period.

Markets have barely blinked at finicky weather, USDA's US crop downgrade and other global production tweaks. It will take a materially larger shock - policy, macro, or demand-driven - to shift sentiment.

The market is essentially stuck within a sideways trading range with the mid-70s (US cents/lb) representing the upper band and the area near 60 cents the lower one – a pattern that has persisted since June 2024.

In the past, many have argued that it would be difficult to see the market trade (lastingly) much above or below this range, as there have been few fundamental factors strong enough to alter the picture. That view probably still holds, however ranges do not persist indefinitely. As underlying drivers change, a catalyst-led break will emerge.

As ACSA Chair Cliff White mentioned in his August 2025 article, after enduring a sustained period of bearish news, the cotton market may finally be positioned to shift its outlook as global trade deals inch closer to completion. Here's hoping!

Closer to home and considering Australian 2025/26 production, with the wet finish to the 2024/25 crop in many production areas and the resultant downgrading of much of the crop, some Australian growers will be weighing up their cropping options. Some growers have indicated that they will reduce some of their cotton acreage in favour of sorghum, for either disease control or other reasons and some will plant their usual cotton area.

The Bureau of Meteorology in its Climate Outlook published on 21/08/2025 suggested that above average rainfall is very likely for the September – November period for most of Eastern Australia with rainfall received since the beginning of July resulting in increased soil moisture in many areas as well.

Similarly, good river flows in many production areas have seen on-farm water storages replenished. Favourable factors indeed.

Despite having faced challenges in marketing the cotton crop this season, many growers still intend to plant significant areas to cotton for 2025/26. We're already seeing this in Central Queensland, where growers have begun planting despite less-than-ideal irrigation supplies

Few would dispute that Australian cotton growers are resilient and optimistic. History shows most seasons offer windows to forward-sell at favourable levels and weather events like this year's wet harvest are the exception, not the rule. Growers also know cotton typically delivers the strongest economic outcome versus competing crops – more often than not, cotton is king.

Whilst there have certainly been some unfavourable conditions and problematic global issues weighing on commodity markets in recent times, some things remain reasonably constant.

Cotton growers enjoy growing cotton and in the majority of seasons, cotton has proven itself as the better crop in terms of profitability.

As we head into the planting period for new crop cotton, we wish all our Aussie growers good luck and hope that the season and the markets are kind to you.

END

September 4, 2025